

1 Accidental Organization

Origins and Early Years of GATT

Both the establishment and the mandate of the General Agreement on Tariffs and Trade were products of global conflict and cooperation. GATT's purpose was defined by a belief in trade's dual capacity to engender cooperation and to incite discord among peoples and nations. Its challenge was to prevent disagreement and clashes sparked by trade while also facilitating the growth of global trade to increase prosperity and, so the thinking went, promote peace and stability. Conflict and cooperation were also essential ingredients in the emergence of a consensus in support of a liberal trade order. It took the Second World War to consolidate the belief that liberal trade was essential to economic growth and international stability. This made it possible for governments to endorse a liberal trade order, even though trade was inherently competitive and trade policies were typically framed to promote national interests first and foremost.

This chapter explains the historical development of an internationalist philosophy of trade liberalization and shows how that understanding became widespread during the Second World War. It describes briefly the negotiations from 1941 to 1947 that culminated in the General Agreement and explains government and public reactions to GATT. Finally, it examines the early years of the organization, explaining its initial and limited capabilities and the conduct of its proactive secretariat. This chapter also begins to explore the many meanings of and ideas about trade. Many scholarly accounts of trade are technical. But questions of trade bear on issues about which passions are easily roused: national identity, status, and sovereignty, as well as job security and local traditions and practices. Attitudes about trade can be polarizing. Governments and individuals have believed that trade could make the world a better place and that trade could inflict damage akin to a natural disaster. Understanding these contrary views, which persisted throughout GATT's existence, is essential to understanding what GATT could and could not do.

The Internationalism of Liberal Trade

GATT rested on the belief in the interconnectedness of peace, prosperity, and trade. The first two components – peace and prosperity – had long been associated in art, literature, politics, and philosophy. Adam Smith justified free trade as the best way to increase individual and national well-being. In *Wealth of Nations*, Smith described an ideal market as one in which people pursued their self-interest with minimal government intervention. International trade was consistent with, and conducive to, liberalism because it reinforced key features of the free market: specialization, competition, and efficiency.¹ But Smith also drew a link between trade and the state of political relations. Smith observed that illiberal trade practices corroded relations between states. Resentment arose, and even worse, ‘revenge’ was taken against protected domestic producers. This had been evident in the dispute between France and the Netherlands, which led to war in 1672. According to Smith, a ‘spirit of hostility has subsisted between the two nations ever since’.²

In the mid-nineteenth century, Richard Cobden drew out the implications of free trade for foreign policy and domestic reform in the campaign to repeal the Corn Laws in England. Cobden insisted that free trade was both means and end to make England more egalitarian and democratic; it went hand in hand with a host of social reforms including land ownership, widening the franchise, and the abolition of slavery. Cobden’s endorsement of free trade also had implications for British foreign policy. He argued that the guiding principle should be non-intervention; that would ‘give a guarantee for peace’.³ Cobden also believed that free trade agreements would improve relations between nations. He characterized the Cobden–Chevalier treaty with France in 1860 as a step in ‘transforming fundamental political and economic relationships’.⁴ Cobden was also involved in the burgeoning European peace movement of the nineteenth century. He understood peace and free trade to be mutually reinforcing, as in their shared support for disarmament. But Cobden stopped short of claiming that free trade created peace.⁵

¹ A. Smith, *Wealth of Nations: An Inquiry into the Nature and Causes of the Wealth of Nations* (Oxford: Oxford University Press, 1996). See also D. A. Irwin, *Against the Tide: An Intellectual History of Free Trade* (Princeton: Princeton University Press, 1996), 75–86, for a succinct explanation of Smith’s ideas about trade.

² Smith, *Wealth of Nations*, 295–296.

³ N. C. Edsall, *Richard Cobden, Independent Radical* (Cambridge, MA: Harvard University Press, 1986), 242.

⁴ *Ibid.*, 64, 341.

⁵ M. Ceadal, ‘Cobden and Peace’ in A. Howe and S. Morgan (eds.), *Rethinking Nineteenth-Century Liberalism: Richard Cobden Bicentenary Essay* (Aldershot and Burlington: Ashgate, 2006), 192, 200, 203–206. Edsall points out that the closest Cobden came to linking trade

The Economist magazine, founded in 1843, also made the case for free trade as the way to eradicate strife within nations, especially class conflict, as well as strife between nations.⁶ The association of free trade with harmonious relations between states was a recurring promise of economic internationalism. This equation lifted trade above the merely technical and, according to Mark Mazower, invested economic practices and commercial exchange with ‘noble ideas’. The supporters of free trade looked at tariffs as ‘a step toward isolation and belligerence’, whereas an open economy was ‘the prerequisite for both prosperity and global harmony’.⁷ Free trade was imbued with a righteousness based on claims that it fostered conditions of equality, social justice, and domestic and international goodwill. Its advocates, then and throughout the twentieth century, would repeat these claims, which were also attached to GATT.

In the early twentieth century, Norman Angell refined the argument for free trade and the interdependence of nations. He repudiated the social Darwinist conception of international relations, in which strong nations sought to dominate weaker ones and all were engaged in a struggle for survival, as a ‘desperately dangerous misconception’. Instead, he made a case that economic interdependence maximized conditions of prosperity. Shared economic interests upheld peace among nations.⁸ But, as the First World War revealed, the fact that the nations of Europe were deeply entwined economically did not prevent them going to war.

Although Angell was awarded the Nobel peace prize in 1933, such realist thinkers as E. H. Carr repudiated the internationalist logic that Angell espoused. Carr traced the origins of Angell’s ideas to Adam Smith. He conceded that Smith’s ideas about free trade might once have been valid, but the conditions that allowed all to benefit from the ongoing expansion of trade had ended, replaced by conditions of scarcity. Carr dismissed Angell as an unrealistic utopian.⁹

and peace was when he noted that the workings of the modern economy prevented ‘those traditional demonstrations of armed force, upon which peace or war formerly depended’. Edsall, *Richard Cobden*, 261–262.

⁶ As James Wilson, the first editor of *The Economist*, put it: restrictions on trade engendered ‘jealousies, animosities and heartburnings between individuals and classes in this country, and again between this country and all others’. See R. D. Edwards, *The Pursuit of Reason: The Economist 1843–1993* (London: Hamish Hamilton; New York: Penguin Books, 1993), 19.

⁷ M. Mazower, *Governing the World: The History of an Idea* (New York: Penguin Press, 2012), 39.

⁸ N. Angell, *The Great Illusion: A Study of the Relation of Military Power to National Advantage* (London: Heinemann, 1912), vii, ix, 30–31.

⁹ J. Weiss, ‘E. H. Carr, Norman Angell, and Reassessing the Realist-Utopian Debate’, *International History Review* 35 (5) (August 2013), 1160–1161.

The trade policies that Angell had prescribed – and the interdependence that liberal trade policies created – were cast aside during the Great Depression as governments around the world introduced protectionist policies to shut out exports in the hope of stimulating domestic economic activity and reducing unemployment. Efforts to devise an international and coordinated solution to the Depression failed, most strikingly at the 1933 World Economic Conference.¹⁰ Economic fragmentation, beggary-neighbour policies, and zero-sum attitudes had their parallel in international relations, characterized by naked lies, unfulfilled promises, crassly self-interested deals, and the betrayal of principles. Even though liberal trade had not engendered cooperative international relations before the First World War, the flip side was evident in the 1930s when economic ill-will spilled into the political realm. Protectionist and autarkic measures contributed to the deterioration of international relations. J. B. Bridgen of Australia, like many policy-makers around the world, believed that the Depression had given rise to Hitler and many other social disorders.¹¹ This kind of thinking validated the liberal approach to trade and elicited support for trade liberalization. As Jagdish Bhagwati put it, the Depression ‘helped to stack the cards in favour of pro-trade forces, providing the ideological momentum for liberal trade’.¹²

In the United States, support for trade liberalization centred on the State Department and its secretary from 1933 to 1944, Cordell Hull. Hull was deeply committed to the cause of *freer* trade. He recorded in his memoirs that as early as 1916 he had realized the connection between trade and international conditions: ‘unhampered trade dovetailed with peace; high tariffs, trade barriers, and unfair economic competition, with war’.¹³ He championed liberal trade from the start of his political career in the House of Representatives (1907–1921). As secretary of state, he put his beliefs into practice with the passage of the Reciprocal Trade Agreements Act (RTAA) in 1934. Under the RTAA, the executive had authority to negotiate bilateral trade agreements without requiring

¹⁰ P. Clavin, *The Great Depression in Europe, 1929–1939* (Basingstoke: Macmillan Press, 2000), chapter 6.

¹¹ Memo by J. B. Bridgen from Australian Embassy, Washington, re Australian International Economic Policy, March 1947, A1068/ER47/70/1, AA. Skidelsky also observes that people associated Hitler’s rise with the Depression. It was ‘an extreme reaction to the extreme effect of the great depression on Germany’, reinforcing the conviction that there would be no peace without economic reform. R. Skidelsky, *John Maynard Keynes, Vol. III: Fighting for Britain 1937–1946* (Basingstoke: Macmillan, 2000) 179.

¹² J. Bhagwati, *Protectionism* (London and Cambridge, MA: MIT Press, 1988), 22.

¹³ C. Hull, *The Memoirs of Cordell Hull, Vol. 1* (New York: Macmillan Co., 1948), 81.

Congressional ratification as long as no tariff was reduced by more than 50 per cent. The goal was to conclude as many bilateral trade agreements as possible in the hope that this would create conditions of economic interdependence and reverse the deterioration of international relations. By the time the war began in 1939, nineteen such agreements had been negotiated. Despite the start of the war, Hull was convinced that the RTAA had been the right idea; it simply had not had enough time to stabilize international relations.

There were other proponents of liberal trade and the logic of economic internationalism in the 1930s. The experts of the Economic and Financial Section of the League of Nations remained steadfast in their belief that liberal policies and an open global economy were the best way to combat depressions. They were to some extent fatalistic about the recurrence of depressions, but deeply optimistic about the ability to offset the effects of economic downturn through the international coordination of policies. Many officials who assumed prominent roles in shaping national postwar economic policies during and after the war, such as James Meade in Britain, Leo Pasvolsky in the United States, and Louis Rasminsky in Canada, had previously worked for the Economic and Financial Section of the League of Nations.¹⁴ In fact, it was Meade who drafted the first version of what would eventually become GATT. The Depression was a formative experience for the architects of the early GATT, and the shadow of another depression hovered throughout its existence. Officials justified their work in terms of preventing another depression which in turn conjured up the nightmare of global war.

The International Chamber of Commerce (ICC) was another bastion of economic liberalism in the interwar years. This transnational group of businesspeople promoted world trade as the means to realize peace and prosperity, which they asserted were 'one and indivisible'.¹⁵ The ICC's members regarded the removal of barriers to trade as a form of economic disarmament.¹⁶ In 1937, members gathered for their annual meeting in Berlin. Hitler himself welcomed the delegates and congratulated them on their effort to promote peace through trade. Afterwards they listened to Hermann Goering

¹⁴ P. Clavin, *Securing the World Economy: The Reinvention of the League of Nations 1920–1946* (Oxford: Oxford University Press, 2013), 218, 230. See Clavin generally for the link between League economic experts and their impact on national trade policies.

¹⁵ G. L. Ridgeway, *Merchants of Peace: Twenty Years of Business Diplomacy Through the International Chamber of Commerce 1919–1938* (New York: Columbia University Press, 1938), 7.

¹⁶ 'Its creed, like Cobden's, coupled international trade with international peace.' Ridgeway, *Merchants of Peace*, 3, 6.

extol the virtues of Nazi economic policies whose core principles were autarchy, nationalism, rearmament, and expansion.¹⁷ Undaunted by the strength of the nationalist, expansionist, racist, and militaristic economic doctrine then flourishing in Germany, ICC members clung to their faith. As Thomas Watson, chair of IBM and president of the ICC, declared: 'world trade is the surest road to world peace.'¹⁸ Eric Wyndham White, who would become GATT's first executive secretary (this was the title used in GATT until 1965, when it was replaced with director-general), attended the ICC meeting in Berlin. Despite pockets of liberals who believed that economic internationalism remained a valid policy option in the 1930s, protectionism held much appeal and was widely practised.

It took the Second World War to entrench the belief that open markets were essential for peace and beneficial for all.¹⁹ Liberal trade came to be accepted as the best practice, if not the only defensible policy. The circumstances of the war were needed to overcome anxiety about the future and curb an instinct to protect national interests and sovereignty above all. Unless trade among nations was fundamentally cooperative, even if still competitive, the postwar peace would be undermined. As Harry Hawkins, one of the leading economic planners in the US State Department, put it in 1944: 'Nations which are economic enemies are not likely to remain political friends for long.'²⁰ While prosperity might not be a sufficient condition for peace, it was widely believed to be a necessary condition. As Hull explained, 'a revival of world trade [was] an essential element in the maintenance of world peace. . . . I do not mean . . . that flourishing international commerce is of itself a guaranty of peaceful international relations. But I do mean that without prosperous trade among nations any foundation for enduring peace becomes precarious

¹⁷ Ridgeway, *Merchants of Peace*, 384–385. Tooze explains how Nazi ideology and aims affected trade policy. For example, autarchy involved disengagement from Britain and the United States, replaced by suppliers in Latin America and southeastern Europe. The struggle for scarce resources shaped Hitler's ideas about economic policies and practices. Some Nazi officials believed that free trade was 'a Jewish doctrine' that upheld Britain's position of global dominance. Rather than seeing free trade as a policy for the future, the Nazis dismissed it as 'the outdated relic of a bygone era'. A. Tooze, *The Wages of Destruction: The Making and Breaking of the Nazi Economy* (New York: Viking, 2007), 8, 33, 89, 174–175.

¹⁸ *Newsweek* (22 November 1937), 5.

¹⁹ According to Barbieri and Schneider, by 1945 the belief that trade was conducive to peace had become 'so deeply entrenched in mainstream economics that only heretics from the radical fringes of the discipline dared to question it'. K. Barbieri and G. Schneider, 'Globalization and Peace: Assessing New Directions in the Study of Trade and Conflict', *Journal of Peace Research* 36 (4) (July 1999), 389.

²⁰ Quoted in J. H. Jackson, *World Trade and the Law of GATT: A Legal Analysis of the General Agreement on Tariffs and Trade* (Indianapolis: Bobbs Merrill, 1969), 38.

and is ultimately destroyed.’²¹ Simon Reisman joined Canada’s Department of Finance after the war and he attended the first GATT meeting in 1947 (and went on to a long and distinguished career as one of Canada’s pre-eminent trade negotiators); he also reflected the confident assumption that a liberal trade system was essential to postwar security: ‘an open, liberal, competitive, multilateral trading system would contribute to the growth and prosperity of nations as well as to their peace and security’.²² In the minds of the planners of the postwar trade system, a liberal trade order would contribute to global peace in two ways. First, trade would alleviate poverty and deprivation, conditions that many believed had directly contributed to the start of the war. Second, GATT would help to prevent as well as resolve conflicts that arose over trade. While the architects of postwar economic institutions held up open markets as their ideal, in fact they envisioned a planned liberalism in which market forces were both sustained and offset by government intervention and priorities. This would be a liberal trade regime minus the *laissez-faire*.²³

Making trade work for peace and prosperity, and containing its ability to ignite conflict, was one of the many challenges that international organizations confronted in order to encourage international cooperation and support global stability. These organizations – including the IMF, the World Health Organization (WHO), and the Food and Agriculture Organization (FAO) – were international meeting spaces where national delegates discussed policies and practices that promoted an internationalist agenda based on universalistic assumptions. Within these organizations, members had to agree to adhere to rules and norms that entailed some concession of national sovereignty. The belief that institutions could only work if nation-states ceded a piece of sovereignty – which internationalist thinkers thought of as a pooling of sovereignty in service to a common cause – reflected a far-reaching belief that nation-states were a root cause of international conflict. These international institutions modified the structure and operation of international affairs to try to contain the narrow nationalistic outlooks that many believed caused

²¹ Quoted in D. A. Irwin, P. C. Mavroidis, and A. O. Sykes, *The Genesis of the GATT* (Cambridge: Cambridge University Press, 2008), 11.

²² S. Reisman, ‘The Birth of a World Trading System: ITO and GATT’ in O. Kirshner (ed.), *The Bretton Woods–GATT System: Retrospect and Prospect After Fifty Years* (Armonk, NY: M. E. Sharpe, 1996), 82.

²³ Ikenberry makes a similar point about the essential compromise that defined Bretton Woods, such that it appealed to people with diametrically opposed approaches, from *laissez-faire* to planners. ‘A World Economy Restored: Expert Consensus and the Anglo-American Postwar Settlement’, *International Organization* 46 (1) (Winter 1992), 307–308, 315–316, 318.

wars. This idea was more openly discussed outside of government, among private citizens, internationally engaged elites, and non-governmental organizations, proposing alternative routes to peace and understanding through such mechanisms as world federation, a universal language, and the denationalization of education.²⁴ In practice, however, there was an uneasy balance between national and collective interests and priorities because nation-states remained primary and essential actors in world affairs and there was little support within governments to reduce their importance. As one British official wrote in 1942, one of the main aims of British foreign policy was to ensure that ‘the sovereign national state is the unit of international society’, and that Britain would be paramount within that society.²⁵

Internationalist ideas about the future – big picture, long term, common purpose – prevailed when the disastrous consequences of not embracing such ideas were plain to see. Richard Law, the minister of state at the British Foreign Office, led a delegation to Washington in 1943 to discuss the postwar trade system. He understood the importance of timing for an agreement on trade: ‘People were capable, at this moment, of sacrificing immediate advantage for the long-term gain, but when the moment of danger was removed they would be in a different mood.’²⁶ John Winant, US ambassador to Britain, agreed that the window of opportunity opened by the war would not stay open long. ‘The fact that the world economy is in a state of flux gives us the opportunity to create a new and better pattern. But it is an opportunity which we will have only for a relatively brief time.’²⁷

Wartime and Postwar Planning for a Liberal Trade Order

Early direction about the postwar order came from US president Franklin D. Roosevelt.²⁸ He wanted senior members of the grand alliance – the United States, Britain, and the Soviet Union, along with China (by which

²⁴ Many people expressed mistrust of nations as the main actors and authorities in the postwar world. One example is E. Reves, *The Anatomy of Peace* (New York and London: Harper & Brothers Publishers, 1945), 125. For a fascinating discussion of debates about postwar order in which the role of the nation was prominent, see O. Rosenboim, *The Emergence of Globalism: Visions of World Order in Britain and the United States, 1939–1950* (Princeton: Princeton University Press, 2017).

²⁵ Letter to Cadogan, 31 May 1942, FO371/31538, TNA.

²⁶ Informal Economic Discussions, Plenary, 1st meeting, 20 September 1943, CAB78/14, TNA.

²⁷ Memorandum on Article VII, Prepared by Winant with the assistance of Hawkins and Penrose, Morgenthau Diary, Book 827, n.d., p 169-E, FDRL.

²⁸ E. Borgwardt, *A New Deal For the World: America’s Vision of Human Rights* (Cambridge: Belknap Press of Harvard University Press, 2005). See also W. F. Kimball, *The Juggler*:

he meant Nationalist China under the leadership of Chiang Kai-shek) – to maintain a collective leadership after the war, although each would be dominant in its own region. These were his so-called four policemen. Roosevelt also articulated four overarching conditions, framed as freedoms, for the postwar world: freedom from fear and want, freedom of religion and association. Freedom from want conveyed Roosevelt's basic economic goal. As he explained, it 'means economic understandings which will secure to every nation a healthy peacetime life for its inhabitants – everywhere in the world'.²⁹

The construction of a liberal trade order was one way to attain freedom from want. US officials solicited British support for a postwar liberal commercial order. When Roosevelt and Winston Churchill, prime minister of Britain, met in August 1941 off the coast of Newfoundland, they agreed about the importance of trade to the overall health of international relations, but disagreed sharply about specific commercial practices and policies. The imperial preference tariff system of the British Empire and Commonwealth was a main point of contention. At the Ottawa Imperial Economic Conference of 1932, British and dominion officials had exchanged preferential access to their markets for select items. At the height of the Depression, when there was little evidence of international cooperation, the imperial preference system was taken as proof of Commonwealth solidarity.³⁰ As a pillar of the British Empire and Commonwealth, imperial preference was anathema to the USA's anti-imperial sensibilities and commitment to democratic political values.³¹ But to British officials it symbolized a bond within the Commonwealth which had a psychological and strategic value that they were loath to give up. British predictions about their own dire postwar commercial and

Franklin Roosevelt as Wartime Statesman (Princeton: Princeton University Press, 1991), chapters v, vi, viii.

²⁹ Roosevelt's 'Four Freedoms' Speech, <https://fdrlibrary.org/four-freedoms>, accessed 5 May 2018.

³⁰ In fact, the negotiations in Ottawa had been acrimonious, concessions were made grudgingly, and the results of the negotiations did little to encourage intra-Commonwealth trade. Nonetheless, the extension of tariff preferences selectively among members of the Commonwealth was doubly offensive to American officials: it was discriminatory and it reinforced imperial associations. F. McKenzie, 'Imperial Solutions to International Crises: Alliances, Trade, and the Ottawa Imperial Economic Conference of 1932' in J. Fisher, E. Pedaliu, and R. Smith (eds.), *The Foreign Office, Commerce and British Foreign Policy in the Twentieth Century* (London: Palgrave Macmillan, 2017), 175–180.

³¹ F. McKenzie, *Redefining the Bonds of Commonwealth 1939–1948: The Politics of Preference* (Basingstoke: Palgrave Macmillan, 2002), chapter 2. Zeiler refers to the imperial preference system as 'an emblem of empire unity, independence, and strength'. See T. W. Zeiler, *Free Trade, Free World: The Advent of GATT* (Chapel Hill: University of North Carolina Press, 1999), 22.

financial circumstances also prevented them from endorsing liberal international trade without reservations. The British government foresaw a potential need to make use of quantitative restrictions, exchange controls, bulk purchasing, and imperial preferences to stave off national bankruptcy once the war was over: they had to keep these options open. Nonetheless, Sumner Welles, under-secretary of state for the US State Department (soon to be forced out of public life because of sexual indiscretions), drafted a trade clause (of what would become the Atlantic Charter) that would abolish preferential tariffs after the war. The British resisted what seemed to them to be 'the Boston Tea Party in reverse'.³² In the end, Roosevelt broke the impasse by permitting a loophole for 'existing obligations'.³³ This was an early indication that political intervention at the highest level was necessary to resolve disputes over trade. In the end, the Atlantic Charter declared British and US support for liberal postwar trade practices, with important exceptions.

Preferential tariffs continued to be an irritant in Anglo-American discussions about postwar trade. Their negotiations over Mutual Aid, the formal agreement that laid out the terms and conditions of wartime aid from the USA, included debate on Article VII, which called for a freer and expanding postwar economy and stipulated that 'all forms of discriminatory treatment in international commerce' would be proscribed and eliminated. Although Churchill believed in the benefits of free trade,³⁴ he saw Article VII as a veiled attack on preferential tariffs and by extension on the Commonwealth and Empire, which were more than proving their worth during the war. Roosevelt intervened again by promising that preferential tariffs could be exempt but added that discussions would be comprehensive and nothing was excluded. His deft, if ambiguous, direction overcame the impasse, but did not remove confusion about the future of preferences. But some things were clear. Britain and the United States were jointly engaged in reshaping the international economy 'when power, but not reputation, had shifted across the Atlantic'.³⁵ As a result, rivalry and competition underlay their work, in particular

³² Author interview with Meade, 1993; Lord Croft made the same comment, quoted in R. Gardner, 'The Bretton Woods–GATT System After Fifty Years: A Balance Sheet of Success and Failure' in Kirshner (ed.) *The Bretton Woods–GATT System*, 183.

³³ R. Gardner, *Sterling–Dollar Diplomacy in Current Perspective: The Origins and Prospects of Our International Economic Order* (New York: Columbia University Press, 1980), 40–49.

³⁴ Toye discerns Churchill's views on free trade through a close study of his political rhetoric in 'Trade and Conflict in the Rhetoric of Winston Churchill' in L. Coppolaro and F. McKenzie (eds.), *A Global History of Trade and Conflict* (Basingstoke: Palgrave Macmillan, 2013), 124–141.

³⁵ Skidelsky, *Keynes Vol. Three*, 110.

about their respective positions in the postwar world. Nonetheless, they shared broadly similar positions on the need for a liberal trade system.³⁶

In fact, British officials were the first to sketch out the postwar trade system. The principal drafters of Britain's postwar trade policy were James Meade, a young economist who had returned from the Economic Section of the League of Nations in 1940 and a future Nobel Laureate in economics, along with Lionel Robbins, an economics professor from the London School of Economics who directed the economic section of the cabinet war offices. They favoured an open and integrated international trade system. Meade drafted his plan for an International Commercial Union (ICU), with only a few caveats in the event of economic downturns or crises. For instance, a state would be able to introduce quantitative restrictions to correct balance-of-payments problems. Meade also envisioned the retrenchment, but not the complete elimination, of imperial preferences. Many of the characteristics of the ICU had earlier been bandied about by the Economic and Financial Organization of the League of Nations, with which Meade had been involved.³⁷ But it was not only Meade's internationalism that shaped his ideas about postwar trade. As a major trading nation, he believed, Britain had no option: 'If ever there was a community which had an interest in the general removal of restrictions to trade, it is the United Kingdom.'³⁸ His support for liberal trade was further sustained by his belief that economic factors affected global politics. As he explained in *The Economic Basis of a Durable Peace*, published in 1940,³⁹ the causal link between economic and political dimensions of international relations was indirect. Economic interactions and policies shaped attitudes and beliefs, sometimes out of proportion to economic costs and benefits. For example, the removal of a tariff might have almost no effect on the standard of living but could still provoke 'widespread national resentment', or conditions of economic uncertainty could spark 'sullen resentment that finds expression – for purely national reasons – against the national enemies'.⁴⁰

³⁶ F. McKenzie, 'Where was Trade at Bretton Woods?' in G. Scott Smith and S. Rofe (eds.), *Global Perspectives on the Bretton Woods Conference and the Post-War World Order* (Basingstoke: Palgrave Macmillan, 2017), 163–180.

³⁷ Clavin, *Securing the World Economy*, 281–282.

³⁸ J. Meade, 'A Proposal for an International Commercial Union' in S. Howson (ed.) *The Collected Papers of James Meade, Vol. III* (London and Boston: Unwin Hyman, 1988), 27–32. This and earlier drafts of the proposal are in T230/125, TNA. S. Howson, *Lionel Robbins* (Cambridge: Cambridge University Press, 2011), chapters 12, 13, 15.

³⁹ Irwin et al., *The Genesis of the GATT*, 25.

⁴⁰ J. E. Meade, *The Economic Basis of a Durable Peace* (London: George Allen & Unwin Ltd, 1940), 14–15.

But not everyone thought as Meade did. John Maynard Keynes, the towering British economist who defined Britain's postwar financial policies, objected to the liberal logic underpinning Meade's proposals. Hubert Henderson and Richard Clarke of Britain's treasury also preferred bilateral trade arrangements on the basis that they would make the most of Britain's leverage as an importing nation. They favoured sterling bloc trade which would preserve convertible dollars, then and later in short supply.⁴¹ Their foremost concern was to address Britain's chronic balance-of-payments problems. People who believed in preserving imperial trade and protecting British agriculture also looked askance at the ICU. Meade was appalled that Britain's financial difficulties would force Britain to behave 'more nationalistically . . . than even Germany had behaved under Schacht and Hitler' in the trade sphere.⁴² Despite the backlash, as the British wartime government moved towards a decision on trade policy, the ideas of Meade and Robbins set the course for British postwar trade policy. The ICU was largely compatible with the principal characteristics that informed the RTAA: reciprocity, unobstructed trade, non-discrimination, and internationalism.

The extent of British and US agreement on the future of trade became evident at a secret meeting in Washington in the autumn of 1943.⁴³ Before the meeting, British officials had decided that if there was sufficient agreement, they would circulate an aide-mémoire that summarized the British position on postwar trade. US and British officials disagreed over particular issues, such as whether subsidies should be used for agricultural exports, how tariff negotiations would be organized, and, once again, whether to abolish or preserve imperial preferences. There were also different ways to understand the workings of international trade. The British stressed high rates of employment as a precondition to the growth of world trade, whereas US officials believed that higher employment would follow from the removal of barriers to trade. But these points of disagreement did not undermine fundamental agreement about the desirability of a liberal trade order. As a result, at the second meeting, British officials disclosed their aide-mémoire.⁴⁴ The meetings went on

⁴¹ L. S. Pressnell, *External Economic Policy Since the War Vol. I: The Post-War Financial Settlement* (London: Her Majesty's Stationery Office, 1986), 53.

⁴² Author interview with Meade, 1993. Keynes believed that there was much to praise in Schachtian economics. See Skidelsky for a discussion of the evolution of Keynes's wartime thoughts on commerce and finance. Skidelsky, *Keynes Vol. Three*, 194–199.

⁴³ This meeting has been discussed by several scholars. See McKenzie, *Redefining the Bonds of Commonwealth*, 102–106; Pressnell, *External Economic Policy*, chapter 5; Irwin et al., *The Genesis of the GATT*, 37–41; Zeiler, *Free Trade, Free World*, 33–37.

⁴⁴ Pressnell, *External Economic Policy*, 118.

until October, beginning the complicated task of mapping out postwar trade.

Progress subsequently stalled because of a backlash in the British cabinet. Ministers including Beaverbrook and Amery, who were close to Prime Minister Churchill, objected on the grounds that imperial preferences, and all that they meant for the solidarity of the British Empire and the Commonwealth, were being sacrificed. Agricultural interests in Britain were also perturbed by the proposals to liberalize international trade. The proposed policy changes were politically explosive and elicited loud opposition and more muted support.

US persistence prevented the derailment of Anglo-American cooperation on postwar trade. But by the time their talks resumed in December 1944, the effects of war that had facilitated agreement were beginning to lessen. Thoughts of dire postwar conditions, with possible loss of markets, sterling indebtedness, depleted gold and dollar reserves, and war debts accrued under Mutual Aid, weakened British support for a liberal trade order. A grim postwar economic scenario was made even more worrying because the British public confidently expected the onset of a New Jerusalem after the war. Basic conditions of life including health care, educational reforms, and affordable housing should benefit all after the war: if not, what were they fighting for?⁴⁵

Changes in personnel did not bode well for future trade negotiations. Roosevelt's death in April 1945 brought Harry Truman to the White House: a no-nonsense politician who had been shut out of most foreign policy matters by his predecessor. Winston Churchill was voted out of office in July 1945, replaced by the able, if understated, Clement Attlee at the head of a Labour government. While one might have expected a Labour regime to be more willing to cede imperial preferences, Stafford Cripps and Ernest Bevin, the two cabinet ministers most involved in international trade negotiations, dug in their heels when confronted with US pressure to cut back the system. Cordell Hull resigned at the end of 1944 because of ill health, but the State Department's commitment to liberalization did not lessen. Will Clayton, a wealthy US businessman who had entered government service in 1940, was appointed assistant secretary of state for economic affairs in the autumn of 1944. As he explained in testimony before the Senate Foreign Relations Committee, he had long been 'an ardent, outspoken and consistent advocate of Cordell Hull's philosophy regarding international economic

⁴⁵ For a discussion of postwar conditions and expectations in Britain see K. O. Morgan, *Labour in Power 1945–1951* (New York: Oxford University Press, 1984), 285–329 or P. Hennessy, *Never Again: Britain 1945–51* (London: Jonathan Cape, 1992).

matters'.⁴⁶ He spearheaded US efforts to liberalize world trade after the war, but he made the task more difficult by fixating on the abolition of imperial preferences without fully appreciating the interests and realities confronting postwar Britain.

At the same time, domestic political complications prevented the USA from pushing liberalization too far. In July 1945, when the RTAA legislation had been up for renewal, Congress was uneasy about delegating powers to the executive. According to Susan Aaronson, more people spoke against its renewal than in favour of it,⁴⁷ suggesting limited support for the internationalist logic that informed the RTAA. President Truman responded by promising that all future trade negotiations would be conducted on an item-by-item basis and in a bilateral setting. Canadian officials complained that a bilateral and piecemeal approach was 'hopelessly inadequate'.⁴⁸ Many US officials agreed that this approach was a setback. In wartime, the architects of a new postwar trade order had thought boldly, but in peacetime they were more restrained. The only consolation the USA could offer was that bilateral, item-by-item negotiations would take place among a small group of participants (referred to as the nuclear group, which had nothing to do with nuclear weapons) in as many combinations as possible. The subsequent application of the MFN principle would then generalize the benefits. US officials believed that the awkwardly named 'selective nuclear-multilateral approach' came closest to the spirit and scope of multilateral negotiations.⁴⁹ But there was no disguising that this was a retreat from earlier discussions about reducing tariff barriers.

Despite setbacks and complications, there was progress. The US government published a draft charter for a postwar trade organization, called *Proposal for the Expansion of World Trade and Employment*. Even though this document was a result of Anglo-American discussions, British officials wanted it to be seen as a US initiative. This would be more likely to secure US support and preserve harmonious Commonwealth relations, which depended on Britain not making claims on behalf of the dominion governments. The president of the Board of Trade advised that British

⁴⁶ 'Statement of W.L. Clayton Before the Committee on Foreign Relations of the United States Senate - Dec 12, 1944', Clayton Papers, Box 2: folder: Statements, Senate Foreign Relations Committee, 1944, December 12, Hoover Institution.

⁴⁷ S. A. Aaronson, *Trade and the American Dream: A Social History of Postwar Trade Policy* (Lexington: University of Kentucky Press, 1996), 45.

⁴⁸ Memo by John Leddy of the Informal Talks between Canadian and American Officials on Commercial Policy and Financial Policy, 9 July 1945, *Foreign Relations of the United States*, Vol. 6, 1945, 63-64.

⁴⁹ 'Views of the Executive Committee Regarding Draft Tariff Proposals for Proposed Multilateral Agreement on Commercial Policy', 21 July 1945, WHCF/CF/Box 37, TL.

officials could reassure their US colleagues that the government intended 'to express fully their support of the American initiative and to make clear their welcome for the proposals as a basis for international discussion' in parliament.⁵⁰ But the British parliamentary debate on the *Proposal* was heated. There were accusations of betrayal and weakness, a view that was reinforced by the simultaneous presentation of the Bretton Woods agreements and the terms of a US\$3.75 billion loan from the USA. It looked as though a weakened British government was being forced to give up imperial preferences in exchange for financial aid. Nonetheless, the new Labour government remained committed to the substance of the trade and employment proposals as the way forward.

The USA sent invitations to fifteen countries to participate in trade negotiations in the spring of 1946, but then slowed the pace of discussions about the ITO. US officials did not want Congress to ratify the terms of the loan and the results of tariff negotiations at the same time. The US presidential election in the autumn further delayed tariff negotiations. Because officials feared that enthusiasm for the ITO would wane, they focused their efforts on revising a draft charter.⁵¹ US diplomats made 'missionary visits' to Canada, Cuba, Chile, Czechoslovakia, Belgium, Norway, France, the Netherlands, Australia, New Zealand, South Africa, and India to shore up support for the draft trade charter. The US State Department subsequently published a revised version of the trade charter – *Suggested Charter for World Trade* – in September 1946. Because it was produced by the United States, it provoked criticism. But there was also broad and deep support for the rationale behind the reform of world trade and the *Suggested Charter* became the basis for the next stage of international discussions.⁵²

The USA next proposed a conference on trade and employment to map out the principles of a trade charter and organization. The two strands of what would become GATT – bilateral tariff negotiations combined with trade principles and rules – were now in play.⁵³ Trygve Lie, secretary general of the United Nations, appointed Eric Wyndham White, a thirty-three-year-old British lawyer and international civil servant, to chair the trade and employment meetings.

In October 1946, representatives from all the nuclear group countries except the Soviet Union gathered in London to discuss the future of trade on the basis of the US draft. Delegates divided into groups to consider commercial policy, restrictive practices, commodity policy, and the

⁵⁰ C.P. (45) 297, 'Commercial Policy', Memo by President Board of Trade, 24 November 1945 CAB 129/4, TNA.

⁵¹ Tel 40 Askew, 26 February 1946, BT11/2828, TNA.

⁵² Irwin et al., *The Genesis of the GATT*, 104–110. ⁵³ *Ibid.*, 92, 107.

organization of the International Trade Organization. The meeting confirmed that there was far-reaching support for a rules-based approach to postwar trade, as well as considerable agreement on basic features such as non-discrimination, but there were concerns about the emphasis on lowering tariffs. H. C. Coombs, head of the Australian delegation, challenged the logic that eliminating impediments and prohibiting restrictive practices would lead to an expansion of world trade from which all would benefit. In Australia, officials believed that the way to increase trade was to raise standards of living and employment rates, thereby increasing demand and purchasing power. Indeed, in their minds, global economic growth was as important to preserving peace as was the prevention of nuclear war. While admitting that the 'behaviour was less dramatic than that of the Atom Bomb', the return of another global economic collapse like the Depression would be 'scarcely less dangerous to civilization than uncontrolled radio-activity'.⁵⁴ New Zealand officials also doubted that trade liberalization alone would lead to economic stability.⁵⁵ They linked full employment to economic development; they wanted a diversified economy with people employed across industrial and agricultural sectors. As their representatives explained, New Zealand 'would rather be a poorer country with a diversity of employment opportunities than be richer and have employment concentrated in the production of a few agricultural items'.⁵⁶

British officials also wanted a return to full employment, which could only be achieved by a revival of global trade because so many British jobs were linked to exports. While they agreed that lowering tariffs would stimulate job creation in export industries, it would also open the market to imports, which could increase unemployment in affected sectors. A policy that placed all of its full employment eggs in a tariff liberalization basket 'would be little short of calamitous'. But British doubts that lower tariffs would spark job creation did not dent their support for trade liberalization, which they believed would cause widespread economic activity and growth. They also endorsed the aim of full employment in trade talks, which put them in line with key Commonwealth partners such as Australia and New Zealand and which encouraged dominion governments to endorse the commercial proposals.⁵⁷ As they later explained, the

⁵⁴ Memo by J. B. Bridgen from Australian Embassy, Washington, Australian International Economic Policy, March 1947, A1068/ER47/70/1, AA.

⁵⁵ Digests of 1946 Working Party Papers, n.d., NASH6/Bundle 113/0149, NZNA.

⁵⁶ Summary of Foreign Reactions to the Suggested Charter for an International Trade Organization, 2 October 1946, Edminster Papers, TL.

⁵⁷ C. P. (46) 364, 'International Employment Policy', Note prepared by Treasury, Board of Trade and Economic Section, 30 September 1946, CAB 129/13, TNA.

British position on this issue was between those who focused on the decrease of tariffs as the means to full employment and those who emphasized full employment as the engine of trade expansion.⁵⁸ But British officials did not press strongly for a full employment provision in the ITO, believing that it was a matter best addressed in multiple forums.⁵⁹

Indian officials discussed the development of its industrial base as a postwar priority. That did not mean that India rejected the liberal objectives of the ITO. The government endorsed the end of preferential tariffs and strongly supported the principle of non-discrimination. But officials questioned whether lower tariffs would promote widespread prosperity. Before their departure to the conference, India's delegates were reminded that 'Free competition is not an unmixed blessing, if it is competition between countries of unequal strength, nor are tariffs an unmixed evil, if they serve as an instrument for raising the standard of living in poor and undeveloped countries.'⁶⁰ Hence R. K. Nehru made a case for the right to use protective devices to stimulate the growth of an industrial sector, noting that these were the means that had 'brought wealth and industrial strength to other countries'.⁶¹

The draft charter was duly amended to ensure that the ITO would be broadly relevant to the various economic priorities and conditions of participating countries. The participants decided that quantitative restrictions could be used to promote economic development and correct balance-of-payments problems. They included a provision to stabilize the price of primary commodities, without which other participants might lose interest in the ITO and opt to pursue their objectives in organizations such as the FAO. On some issues the original wording was adjusted, but not always meaningfully. For example, an employment provision was added, but according to US officials the principles laid down were 'completely innocuous and quite acceptable from our point of view'.⁶² Other proposed changes caused real vexation. For example, calls for industrial development policies that would permit some form of protection provoked US frustration with 'crazy people, with India the wildest of the lot,

⁵⁸ Outline of Opening Statement, early 1947, BT11/3258, TNA.

⁵⁹ Draft brief on International Employment Policy, prepared by Board of Trade, Treasury and Economic Section, September 1946, FO371/52986, TNA.

⁶⁰ Brief for the Delegates to the First Meeting of the Preparatory Committee on International Trade and Employment to Commence in London on 15 October 1946, 53 (4) – TB/52: Brief to the Government's Representative to 6th GATT session, NAI.

⁶¹ McKenzie, *Redefining the Bonds of Commonwealth*, 172.

⁶² Wilcox to Clayton, 9 November 1946, RG43: Records of International Conferences, Commissions and Expositions, Box 118: preparatory Committee – October 15 Meeting, NARA.

Brazil and Chile utterly irresponsible, China and Lebanon tagging along'. Even though US officials did not welcome all changes, they recognized their political necessity: 'If we will not do this, I am afraid that our whole program is lost.'⁶³ US officials were reassured that the revised document was more broadly relevant while still leaving most of the charter intact. Of the eighty-nine articles in the current version of the draft trade charter, seventy-four were unchanged and 'the essential principles of the American position' had been preserved.⁶⁴ According to Wilcox, a flexible style of leadership had paid off: 'We have displayed no disposition to force our views on others and have shown ourselves willing to join in reasonable compromise.'⁶⁵ Yet there was a strong sense of US ownership and leadership of the ITO. Wilcox had put it starkly at the start of the meeting.

The United States has set the program. It has written the document. It has planned the organization. It has outlined the procedure. The rest of the world is now moving in step with us, in confidence that we are acting in good faith and that we shall do those things that we have urged them to do, and that we ourselves have promised to do. This places a heavy responsibility upon us.⁶⁶

A sense of ownership was important to the US commitment to the ITO, but the process of consultation and negotiation was increasingly and meaningfully multilateral. The inclusion of more participants and revisions to the draft elicited far-reaching buy-in for the ITO. For example, in India, officials decided that they would seek a seat on the permanent board, if one was set up. Even if India did not yet count among the economically strong nations of the world, its potential, the size of its population, early demonstrations of its willingness and ability to act as a global leader, and the importance of Asian representation on international organizations made this a plausible bid: 'No international organization can function properly which fails to accord a rightful position to Asian countries.'⁶⁷ They clearly intended to be active participants in the ITO.

The momentum behind a liberal trade order seemed to be strengthening in the spring of 1947. Thousands of officials from 23 countries arrived

⁶³ Ibid.

⁶⁴ Memo by the Deputy Director of the Office of International Trade Policy (Nitze) to the Under Secretary of State for Economic Affairs (Clayton), 5 December 1946, see annex 2, 'Results of the London Conference', *FRUS 1946, Vol. 1*, 1359.

⁶⁵ Wilcox to Clayton, 16 November 1946, RG43: Box 111, NARA.

⁶⁶ Wilcox to Clayton, 26 October 1946, RG43: Box 111, NARA.

⁶⁷ Brief for the Delegates to the First Meeting of the Preparatory Committee on International Trade and Employment to Commence in London on 15 October 1946, 53 (4) – TB/52: Brief to the Govt's Representative to 6th GATT Session, NAI.

in Geneva to conduct bilateral tariff negotiations: this would be the first practical step towards trade liberalization. The most important negotiations were those conducted by the United States with Britain, Canada, and Australia. They were test cases of the degree to which liberalization could be achieved. But Anglo-American and Australian-American negotiations went badly from the start and threatened to derail the ITO.

Australian officials hoped for a 50 per cent reduction in US tariffs on wool. Instead, the USA offered to bind the current rate. That was disappointing. Even worse, Australian officials confronted the possibility that the USA would increase tariffs on imported wool. This was the result of legislation making its way through Congress – the Robertson bill – which authorized the government to charge a 50 per cent *ad valorem* duty on imported wool if imports threatened the well-being of US wool producers. The Australian delegation threatened to walk out of Geneva and asked other members of the Commonwealth to put their negotiations with the USA on hold until the wool question was resolved. President Truman ended up vetoing the wool bill to ensure that negotiations could move forward and prevent the collapse of the conference. He went further and authorized the delegation to make an offer to reduce the domestic tariff on wool by 25 per cent. Although this was far less than the 50 per cent reduction they had hoped for, Australia's delegates took it.⁶⁸

Bigger obstacles loomed as Britain and the USA clashed over imperial preferences. Clayton was aghast that Britain, as well as Canada, Australia, New Zealand, and South Africa, had made so few concessions to reduce or remove preferential tariffs. He believed that the British had already promised to end imperial preference and been compensated for this on several occasions. Clayton left Geneva and advised President Truman and Secretary of State Marshall to abandon the negotiations.⁶⁹

Given the esteem in which Clayton was held, it did not seem possible to endorse the Geneva negotiations without his support. But world politics changed the stakes associated with the Geneva conference. As the United States and the Soviet Union squared off in an increasingly antagonistic conflict, the Anglo-American relationship assumed new importance. With Clayton away from Geneva, more far-seeing US officials worked towards an agreement. To conclude the negotiations meant giving larger tariff cuts than they had hoped to make and receiving less in return. As Thomas Zeiler explains, these compromises were accepted because

⁶⁸ McKenzie, *Redefining the Bonds of Commonwealth*, 187–199.

⁶⁹ UK High Commissioner in Canada to CRO, tel. 934, 4 October 1947, DO114/110, TNA.

economic gain was not the bottom line; GATT was 'designed to ensure US values and security, not just profits'.⁷⁰

In all, there were 123 bilateral negotiations in Geneva and 45,000 tariffs were reduced. Wyndham White fairly described the process as 'a vast negotiation of exceptional complexity'.⁷¹ Rather than delay the introduction of new commercial practices by waiting for the finalization of the trade charter – which was the main agenda item for the Havana conference, scheduled to begin immediately after the Geneva conference had ended – the chapter of the draft agreement dealing with commercial practices was bundled with the results of the tariff negotiations and presented to participating governments for ratification under the name General Agreement on Tariffs and Trade. The agreement and the schedules of concessions were printed in four volumes, available for purchase for US\$5.⁷² No one expected GATT to be long-lived. It was an interim agreement, soon to be replaced by the ITO as the final piece in a new postwar economic order alongside the IMF and the World Bank.

At the end of the Geneva meeting, Dana Wilgress, a senior Canadian trade official who had been the chair of the contracting parties, expressed the internationalist thinking that underpinned GATT. He explained that members had chosen the path of multilateralism, collective welfare, laws and rules, and ultimately order and peace. The alternative was unthinkable, 'chaos and the law of the economic jungle. Nations will continue to drift in the direction of economic blocs and bilateral barter trade. Inevitably this would mean lowered standards of living and continuous economic warfare.'⁷³ Others also saw GATT in this way, believing in an internationalist ethos which upheld the importance of a rules-based international order that promoted cooperation and stability and countered aggression and conflict.

Reaction: Better to Have GATT than Not

Officials participating in the Geneva Conference understood that the success or failure of their efforts had implications for global peace and prosperity. The stakes were high. Given this belief, one might have expected that the results of their efforts would be widely celebrated and well known. That was not the case. There had been sporadic media

⁷⁰ Zeiler, *Free Trade, Free World*, 2, 195.

⁷¹ Wyndham White, 'The International Trade Organisation: Blueprint for a World Trading System', speech at the Centre d'Études Industrielles, Geneva, 16 February 1950, WTO.

⁷² 'Texts Placed on Sale', *New York Times*, 18 November 1947, 16.

⁷³ Speech of Canadian Delegate, Dana L. Wilgress, for Delivery before Plenary Meeting, Friday, 28 November 1947, RG20: Vol. 358/24581-C (part 1), LAC.

coverage of the Geneva conference in leading publications such as the *New York Times* and *The Economist*. But news of the meeting rarely appeared on front pages because negotiations were conducted in secret and dragged on for six months. When the terms of the General Agreement were released in mid-November 1947, there was extensive coverage for a few days before attention turned to the final drafting meeting of the ITO in Havana from late November 1947 until March 1948. The start of the Cold War, along with the many challenges of recovery from the Second World War, also deflected attention elsewhere. US officials were not surprised that trade had become a low priority. US analysts realized that growing public concern about the Soviet Union and the incipient Cold War diminished interest in trade liberalization: 'Compared with food shortages, relations with Russia, inflation and the atomic bomb, interest in foreign trade ranks last by a considerable margin.'⁷⁴ Despite lack of sustained attention and discussion, government debates, newspaper commentary, and government tracking and analysis of public reaction make it possible to gauge early attitudes towards global trade, trade liberalization and GATT. While the agreement needed the support of many participants to come into effect, US ratification was crucial. Therefore, this discussion begins with the reaction in the United States.

The General Agreement had important backers in the United States, including President Truman, who described it as a 'landmark in the history of international economic relations'.⁷⁵ Because of its provisional nature and because tariff negotiations were conducted under the auspices of the RTAA (meaning no tariff reductions were larger than 50 per cent), the Truman administration did not require Congressional approval of GATT. Officials thought this was a lucky thing, believing that otherwise the agreement 'would have been torpedoed'.⁷⁶ Indeed, many elected officials criticized the tariff changes that had been negotiated in Geneva. Senator Millikin described the reductions as drastic and suggested that 'In anything resembling normal times, some of the cuts would be catastrophic'. Other critics suggested that US officials had been out-negotiated and that the agreements reached in Geneva were bad deals for the USA. Representative Harold Knutson, also chair of the Ways and Means Committee, decried 'do-gooders who have traded us off for very dubious and nebulous trade concessions that can never be realized'.⁷⁷ The reaction might seem exaggerated or extreme. But for people who stood to lose, the worst consequences – losing a job or closing a business – were

⁷⁴ Current Popular Opinion on Foreign Trade Issues, 21 October 1946, RG59/Box 2/ Foreign Trade Issues, Opinions on, Papers of Clayton-Thorp, TL.

⁷⁵ Zeiler, *Free Trade, Free World*, 121. ⁷⁶ *Ibid.*, 122.

⁷⁷ 'Threaten to Curb Reciprocal Pacts', 20 November 1947, *New York Times*, 3.

nothing less than catastrophic. Not all objected to the agreements or agreed with this dire outlook. Some commentators noted that the tariff reductions would have no immediate effect. The *Los Angeles Times* said the tariff reductions would have 'little more immediate effect on international trade than the issuance of a series of memorial postage stamps'.⁷⁸ Some thought it would take a few years for tariff cuts to be felt. Others suggested that even when they did begin to have an impact, there would be few adverse effects in the USA because it was not a trade-dependent country. Because trade liberalization causes disruptive change, from which some will benefit while others suffer, both sides of the debate were right to some extent. What is more important is that trade and trade liberalization elicited strong and divided responses.

Emotional and ideological currents also shaped the reaction and made clear that people had preconceived ideas about trade and tariffs, ideas to which they clung regardless of the presence or absence of objective evidence. As a result, people's reasoning about trade was not always logical or consistent. For example, a 1946 US study found that 66 per cent of respondents agreed that 'high tariffs decrease trade' and 75 per cent understood that the USA must import in order to export. But from these two premises, it did not follow in respondents' thinking that tariffs should be lowered: 35 per cent said tariffs should be lowered and 35 per cent that lowering tariffs would be bad.⁷⁹

Reactions to trade liberalization were largely determined by whether individuals or groups believed they would benefit or suffer from the results. Producers wanting to increase export opportunities mostly welcomed the tariff cuts negotiated at Geneva; producers supplying the domestic market mostly disliked competition. For example, in the north-eastern USA, wool importers welcomed the agreement whereas, wool and cotton textile producers objected to the terms of the negotiations.⁸⁰ Other industries critical of the agreement included alloy steel, cement, fancy leather, and firearms. Opinion varied within industries and across the whole economy.

There were pockets of enthusiastic support for GATT and for a liberal trade order steeped in internationalist thinking about world affairs. Some of the people who supported GATT likened it to the Marshall Plan, 'the most promising step yet taken to end the kind of tariff frictions and

⁷⁸ 'The New Tariff Agreement', *Los Angeles Times* (23 November 1947), A4.

⁷⁹ Current Popular Opinion on Foreign Trade, 21 October 1946, RG59/Box 2/Foreign Trade Issues, Opinions on, Papers of Clayton-Thorp, TL.

⁸⁰ Letter C. 124/973 from the Chancery in Washington to North American Department at the Foreign Office, 12 December 1947, FO371/62328, TNA.

cut-throat competition that can help to breed war'.⁸¹ But the connection between trade and war was not universally accepted. In 1946, 57 per cent of Americans saw 'no connection between high tariffs and wars'. Nonetheless, there was considerable support for an international organization 'to help nations cooperate in expanding their trade': 83 per cent of those included in the poll believed such an organization was either 'very important' (60 per cent) or 'fairly important' (23 per cent), although many were nonetheless 'generally puzzled' and 'wondered what it could do'.⁸² The government made some effort to promote awareness of GATT and to elicit support for the thinking behind it. Even so, a Gallup poll in the USA at the end of 1947 found that only 35 per cent of Americans had heard of GATT or the Geneva conference.⁸³

Scholars disagree on the scope of support for trade liberalization in the United States. Aaronson describes extensive opposition to the renewal of the RTAA in 1945.⁸⁴ She concludes elsewhere that protectionism was 'the American way for much of U.S. history'.⁸⁵ But Destler suggests that liberalism became part of the postwar consensus among elites, policy-makers, and internationalists in the USA, a consensus that he claims lasted until the 1960s.⁸⁶ The response to GATT suggests divided reaction. Based on economic calculations alone, one's position could be to either support or oppose GATT and trade liberalization. After the war, the geopolitical argument tipped the balance in favour of GATT. The liberal trading order was important because of the worldview that informed it and the kind of world it was supposed to create. In the minds of GATT's strongest advocates, that should be a world of stability, cooperation, and plenty. The alternative was unthinkable: a world marked by insecurity, chauvinism, unilateralism, hardship, and zero-sum attitudes. This internationalist outlook was strong enough in 1947 that the US government ratified the General Agreement, but its endorsement was far from whole-hearted.

⁸¹ US Public Reaction to the General Agreement on Tariffs and Trade, 5 December 1947, RG43: Records of International Conferences, Commissions and Expositions, Second Preparatory Committee Meeting, 1946–1947, Box 136, file: Trade (Geneva) – Domestic Reaction to GATT, NARA.

⁸² Current Popular Opinion on Foreign Trade, 21 October 1946, RG59: Box 2/Foreign Trade Issues, Opinions on, Papers of Clayton-Thorp, TL.

⁸³ Gallup Poll, 11/28–12/3, 1947, in G. H. Gallup (ed.) *The Gallup Poll: Public Opinion 1935–1972, Vol. One, 1935–1948* (New York: Random House, 1972), 695.

⁸⁴ Aaronson, *Trade and the American Dream*, 45–47.

⁸⁵ S. A. Aaronson, *Taking Trade to the Streets: The Lost History of Public Efforts to Shape Globalization* (Ann Arbor: University of Michigan Press, 2001), 57.

⁸⁶ I. M. Destler, *American Trade Politics*, 4th edition (Washington, DC: Institute for International Economics, 2005), 6.

In Britain, the reaction to GATT was bound up in attitudes about empire, status, and economic insecurity. One focus of opposition was the effect of the Geneva negotiations on the imperial preference tariff system. British negotiators had made grudging concessions affecting preferential tariffs, and in the end only a small percentage had been touched. Subsequently, British officials accurately explained that the preferential system was largely intact. Nonetheless, there were angry denunciations in the House of Commons as members of parliament believed that Britain was confronting a historic fork in the road: either to integrate within a global trade system or to stick with an imperial trade order. There were also concerns raised about Britain's uncertain economic future, unknown global economic conditions, and the ability of governments to use trade policy to protect or promote economic developments, for example by raising tariffs or by pursuing closer trade ties with western European countries. Others believed that the future of imperial and Commonwealth trade was limited and argued that it was delusional to assume that older patterns of exchange would persist, especially as the dominions were undergoing rapid industrialization. Still others tried to disentangle attachment to the empire and Commonwealth from trade and tariffs.⁸⁷ Harold Wilson, the president of the board of trade, insisted that the bonds that united the Commonwealth were more substantial than tariffs. His rejoinder was compelling, but it overlooked the fact that the dominions valued their Commonwealth association because of tangible benefits, even if they talked about them in loaded emotional terms.⁸⁸

Britain's exporters were divided about the importance of preferential tariffs and imperial and Commonwealth markets. Prior to the Geneva conference, groups that were particularly interested in Commonwealth markets or that benefited from the protective effect of preferential tariffs lobbied the government to retain them. But a study by the National Union of Manufacturers reported that barriers to British exports took many forms, the most common complaint being the inability to obtain an import licence. These problems were experienced across the Commonwealth and the report noted that tariffs were a greater barrier in the dominions than outside the empire.⁸⁹ Commonwealth markets were not accessible to many British exports.

As one would expect, *The Economist* followed developments in Geneva. Although it had been a champion of free trade for Britain and the world

⁸⁷ Hansard, 466 H.C., Deb 5s, 29 January 1948. See, in particular, speeches by Lyttleton, Mackay, Boothby, Thorneycroft, and Reid.

⁸⁸ McKenzie, *Redefining the Bonds of Commonwealth*, 240–250.

⁸⁹ National Union of Manufacturers – Questionnaire on Export Trade, December 1947, T230/134, TNA. There were 1,146 replies received to the questionnaire.

for over a century, its reports acknowledged widespread apprehension about freer trade and the possibility that trade could be destabilizing. Nonetheless, it endorsed the creation of a multilateral trade system as the best option for Britain, even though that option was not without problems.⁹⁰ As the Geneva meeting advanced, *The Economist* offered periodic commentary on the proceedings, making insightful observations about the irrelevance of economic orthodoxy to the negotiations. Trade liberalization would be supported if it was relevant and realistic, or if it aligned with ‘the earthly facts of real life’. It also observed that the ITO did not explain how trade would benefit people in inspirational terms; there was a public relations problem from the outset.⁹¹ In the end, the magazine was underwhelmed by what had been achieved, likening the General Agreement to a ‘mousy agreement’, welcome but not impressive, and certainly not the ‘black rat’ that some detractors claimed.⁹²

The British attachment to the imperial preference system and the imperial trade network that it facilitated was informed by questions of identity, status, influence, and well-being. These associations were also implicated in political debates in other parts of the Commonwealth. In Australia, primary producers, including fruit growers, dairy farmers, and sugar producers, had lobbied the government to preserve imperial preferences.⁹³ When H. C. Coombs, who led the Australian delegation to Geneva, suggested that there was a limited future for imperial preferences, some called for him to be replaced as leader of the delegation.⁹⁴ Despite vocal support for Australia’s connection to Britain, the Labor government of Australia was less tied to the imperial connection than the Liberal party. John Dedman, the minister for reconstruction who had flown to Geneva to take charge when Australian–American negotiations had been at a perilous point, was more blunt about rejecting pro-Empire trade arguments when he told his colleagues that they would be foolish ‘to allow old habits of thought to hide all signposts to the future’.⁹⁵ Government analyses reinforced the view that Australian economic security lay in global prosperity and access to world markets. Moreover, Australian officials believed they had done well in the negotiations,

⁹⁰ ‘Prelude to Geneva’, *The Economist* (29 March 1947), 444.

⁹¹ ‘Paris and Geneva’, *The Economist* (27 September 1947), 505–506.

⁹² ‘Tariffs and Trade’, *The Economist* (22 November 1947), 828.

⁹³ The following message from the Representatives of the Fruitgrower and Trade Union organizations was among the shortest, but it captured the gist of other messages: ‘This meeting asks the Federal Government to fight to the last ditch to retain Empire Preference.’ Letter from D. Kellett to Chifley, 20 June 1947, A461/G323/1/6 Part 1, AA.

⁹⁴ For example, letter from E. M. Hanlon, premier of Queensland, to Chifley, 20 February 1947, A461/G323/1/6 Part 1, AA.

⁹⁵ *Hansard*, 11 November 1947, 1887.

gaining more than they had given up.⁹⁶ Despite the fact that the US offer on wool had been less than hoped for, Australian officials praised the USA for making a 'serious endeavour' at Geneva to open its market to imports and insisted that the negotiations overall would provide access to new markets.⁹⁷ Finally, many Australian exporters looked favourably on a global trading system because they were confident about their competitiveness.⁹⁸

In New Zealand there were anxious protests about the damage done to imperial preference. There was an emotional tone to these concerns, stemming from New Zealand's heavy dependence on the British market for its main agricultural exports – butter, meat, and wool – which made up over three-quarters of its total exports after the war. In 1939, 65 per cent of New Zealand's exports had gone to the UK, compared with less than 4 per cent to the USA. Although there was an increase in trade with the USA after the war – exports rose to 6 per cent in 1947 – New Zealand's dependence on the British market also increased to 76.6 per cent. The Labour party in New Zealand also advocated for controls, such as import restrictions, to offset price fluctuations and to limit competition. Walter Nash, the minister of finance, doubted that free trade would deliver on its promises of universal benefits. As he explained to his colleagues in parliament, 'the old free-play-market philosophy cannot bring peace and prosperity',⁹⁹ at least not to a country like New Zealand. These concerns were raised even more sharply in relation to the IMF, which New Zealand opted not to join. Despite reservations, New Zealand voted narrowly (40–34) to ratify the General Agreement.¹⁰⁰

Because Canadian exporters were not nearly as dependent as New Zealand on the British market, there was a more positive reception of the General Agreement in Canada. By the start of the war, US and British markets were roughly of equal importance for Canadian exports; the USA had long eclipsed Britain as a source of imports. Despite long-established trade with the USA, there were still supporters of the British trade connection. For example, the Canadian Manufacturers' Association was confident about imperial preferences and uncertain that the USA, 'which has grown up and prospered under a highly protective tariff psychology', would embrace open markets and

⁹⁶ *Hansard*, 26 February 1948, 255–256.

⁹⁷ General Agreement on Tariffs and Trade, for Cabinet, Agendum No. 1019F, A2700/XM volume 22, AA; *Hansard*, 26 February 1948, 255–256.

⁹⁸ 'Geneva Pact to Prod Australian Trade? Expansion of Markets', *Christian Science Monitor* (20 November 1947), 6.

⁹⁹ *Hansard*, 27 June 1947, 50.

¹⁰⁰ This detail included in Letter 254 from Alfred Rive, 8 July 1948, RG19: 3707/ITO Vol. 2, 1948, LAC.

competition.¹⁰¹ Despite such reservations, Prime Minister Mackenzie King of Canada took to the airwaves to praise the agreements as ‘the widest measure of agreement for the freeing of world trade that the nations had ever achieved’. He said its goals were consistent with Canada’s ‘long-run course’ and that together members would support ‘peace by prosperity and economic co-operation’.¹⁰² Canada’s *Financial Post* was also enthusiastic, insisting that GATT had brought ‘epochal changes’ to international trade.¹⁰³ Behind the public rhetoric, officials including Mackenzie King worried about Canada’s close trade relations with the USA. The government had entered into secret continental free trade negotiations with the USA in 1947. Although the negotiations had gone well, Mackenzie King withdrew his support, fearing that a Canadian–American trade agreement would result in US dominance and undermine ties with Britain.¹⁰⁴ The multilateral form of GATT facilitated multiple trade relations and kept more options open; this made it attractive to the Canadian government.

Even for those countries intent on building up their own industries, and who had reason to fear that competition would undermine those plans, the benefits of freer international trade were compelling. In India, the shortcomings of the General Agreement were well known, especially with regard to quantitative restrictions, a particularly useful device that could be used to support infant industries. But India stood to benefit from the overall expansion of trade as well as from a rules-based order. Hence, the Indian government concluded that ‘the balance of advantage lies in accepting the Charter rather than in rejecting it’.¹⁰⁵

The General Agreement also elicited considerable apprehension. These fears took two main forms: first, that smaller or more vulnerable countries would suffer from international competition, and second, that GATT would be an instrument of US economic domination. For example, in Pakistan, an official in the Commerce Department described

¹⁰¹ Letter from J. T. Stirett, General Manager of the Canadian Manufacturers Association, to Mackenzie King, 27 November 1947, MG21 J1: Vol. 432/1104/394175–82, LAC.

¹⁰² Text of an address made by the Rt Hon W. L. Mackenzie King, Prime Minister of Canada, over the CBC network, 17 November 1947, A571/1944/1109 pt. 14, AA.

¹⁰³ ‘Expect Other Pacts Will Follow Geneva’, *Financial Post* (22 November 1947), 1.

¹⁰⁴ For an account of these negotiations, see M. Hart, ‘Almost but Not Quite: The 1947–1948 Bilateral Canada–U.S. Negotiations’, *American Review of Canadian Studies* 19 (1) (Spring 1989), 25–58.

¹⁰⁵ Brief for the Indian delegation to the United Nations Conference on Trade and Employment, 6/11/1947, 53 (4) – TB/52: Brief to the Government’s Representative to 6th GATT session, NAI.

GATT as a US creation¹⁰⁶ that, it was presumed, would serve the USA's interests first and foremost. In France, members of the communist party attacked the General Agreement, along with the Marshall Plan, as 'instruments of capitalistic "imperialism"'. They implied that as a result of the agreements, France would be flooded with US imports and would become subordinate to the United States.¹⁰⁷ The underlying threat was not just to French industries and agriculture, but also to French culture and identity. The response to tariff reductions echoed those elsewhere, predicting the ruin of entire sectors of the economy. In France's case, some foresaw total economic demise. The headline of *L'Humanité* read: 'French Industry and Agriculture Ruined by Geneva Agreement'.¹⁰⁸ But rejecting membership was not an option. According to Olivier Wormser, then a young diplomat but who would in time exert great influence over French trade policy, political considerations meant that France had to join GATT.¹⁰⁹ While US officials might disregard such criticisms as communist propaganda, latent anti-Americanism and fear of American dominance was not limited to communists.

Several things stand out about the reaction to the General Agreement. First, GATT elicited relatively little public reaction. This is important to acknowledge even though it seems obvious. Lack of attention would be both a help and a hindrance moving forward. Second, there was never unqualified enthusiasm for GATT or trade liberalization. While protectionism or autarky did not seem to be viable or desirable alternatives, freer trade created problems too. At best there was lukewarm enthusiasm for GATT, and this temperature was determined by blending heated opposition and cool support. Third, trade was divisive rather than unifying. Some people insisted on liberal trade, whereas others demanded protection. Their reasons for or against could have economic, social, political, or foreign policy rationales. Lower tariffs and a liberal trade system were never going to make everyone happy. Fourth, people thought about trade in relation to their role as producers more than as consumers. The main benefits for consumers were likely to be lower prices and increased choice that would improve standards of living, but few seemed to appreciate that. In 1946, 46 per cent of Americans thought exports would make 'no

¹⁰⁶ Letter from W. Godfrey, Office of the Senior United Kingdom Trade Commissioner in Pakistan, to J. P. Summerscale, Commercial Relations and Treaties Dept, Board of Trade, 4 June 1948, BT11/3915, TNA.

¹⁰⁷ 'French Communists Aim Attacks on Tariff Pacts', *Christian Science Monitor* (17 November 1947), 15.

¹⁰⁸ *Ibid.*

¹⁰⁹ Olivier Wormser Papers, NOTE relative à l'Accord Général sur les tarifs douaniers et le commerce, n.d. MAEF 000067, reel 157, Historical Archives of the European Union [HAEU].

difference to them personally', meaning they did not connect lower tariffs with a higher standard of living.¹¹⁰ The main issue for producers was about the viability of their business, whether it be manufacturing shoes, raising cattle, or making Hollywood films. The stakes for individual producers or businesses threatened by competition were much higher than for individual consumers, who might save a few pennies on daily shopping and more significant amounts on major purchases. The difference in rewards and losses are crucial to understanding why opponents of liberal trade were always more vocal and better organized than supporters.

By the beginning of 1948, Australia, Belgium, Canada, Cuba, France, Great Britain, Luxembourg, the Netherlands, and the United States had become the first contracting parties to the General Agreement. Others soon followed suit. GATT was launched without fanfare or celebration. This was fitting given its long and unanticipated history.

Wyndham White and the Secretariat, 1948–1952

The final trade and employment conference was held in Havana from November 1947 to March 1948, with fifty-three countries participating. The result was a significantly revised charter in which economic development, rather than trade liberalization, was the top priority. Because the story of the Havana conference is part of a longer tale of GATT's relation to development, I leave a full discussion of it to Chapter 5. For now, the point to keep in mind is that even though GATT was supposed to be a temporary measure, it began to function right away.

GATT existed under the auspices of the Interim Commission for the International Trade Organization (ICITO).¹¹¹ The ICITO pulled together a small secretariat, listed in Table 1.1. Eric Wyndham White was appointed executive secretary, a logical choice given his role as chair of the trade and employment conferences since 1946. Julio Lacarte, a Uruguayan diplomat, was his deputy. (Lacarte later served as the chair of various committees and working parties, and was a representative of Uruguay for over sixty years.) Jean Royer, who had been a member of the French delegation to the Geneva and Havana conferences, became the special assistant. He played similar roles to Wyndham White, shaping policy and resolving disputes, and according to Michael Hart was 'a

¹¹⁰ Current Popular Opinion on Foreign Trade, 21 October 1946, RG59/Box 2/Foreign Trade Issues, Opinions on, Papers of Clayton-Thorp, TL.

¹¹¹ The ICITO had a legal existence that shadowed the GATT until both were absorbed into the WTO on 1 January 1995.

Table 1.1 *ICITO Secretariat, 1948*

Executive Secretary	Eric Wyndham White (UK)
Deputy Executive Secretary	Julio Lacarte (Uruguay)
Special Assistant	Jean Royer (France)
Commercial Policy Advisor	F. A. Haight (South Africa)
Information Officer	Richard Ford (UK)
Research Assistant	Constant Shih (China)
Research Assistant	G. Maggio (Italy)
Administrative Assistant	Dorothy Peaslee (USA)
Legal Advisor (on loan from UN)	Alan Renouf (Australia)
Research Assistant (on loan from UN)	Hugh Gosschalk (UK)

master of the GATT's rules'.¹¹² The UN propped up the ICITO by lending it officials. For instance, Alan Renouf of Australia was sent as a legal advisor. He stayed for a year and then returned to the Australian diplomatic corps. His position was not immediately refilled. The UN also supplied other personnel and shared its expertise to boost the resources and capabilities of the tiny secretariat. In general, the selection criteria for the secretariat were to be inclusive, representative, and effective. But the underlying goal, as Amy Sayward has shown for the World Bank, was to create 'a denationalized professional staff'.¹¹³ As Wyndham White explained, appointments to the secretariat should be based on 'the highest standards of efficiency, competence, impartiality and integrity'.¹¹⁴ Although some members would soon return to positions in their national bureaucracies, they transcended national perspectives and interests while part of the secretariat.

The secretariat was rudimentary by any standard and by comparison with other international organizations. In 1947, the World Bank had a staff of over sixty people, a permanent home, and ample space; its employees had a health plan, along with a health office, and a pension plan was set up in 1948. The bank also opened field offices and made its first reconstruction loans in 1947.¹¹⁵ In striking contrast, GATT had no

¹¹² M. A. Hart, *A Trading Nation: Canadian Trade Policy from Colonialism to Globalization* (Vancouver: University of British Columbia Press, 2002), 169.

¹¹³ A. L. Sayward, *The Birth of Development: How the World Bank, Food and Agriculture Organization, and the World Health Organization Changed the World, 1945–1965* (Kent, OH: Kent State University Press, 2006), 24.

¹¹⁴ Wyndham White to Leddy, 7 May 1951, RG43: 285/file GATT, NARA.

¹¹⁵ See one of the first telephone directories for the bank at <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/EXTARCHIVES/0,contentMDK:20080726~pagePK:36726~piPK:36092~theSitePK:29506,00.html>, accessed 3 March 2016. The World Bank site notes that by the end of 1948, 'the Bank was a functioning institution

permanent home, no human resources apparatus, insecure funding, and a miniscule staff, much of it on loan, and its officials were less well paid than their counterparts at other organizations. Salaries and benefits would be ongoing sources of discontent. Wyndham White threatened to resign in 1963, allegedly because his salary and pension were lower than those of the heads of other international organizations.¹¹⁶ Officials nonetheless remember the first secretariat for its excellence and effectiveness.¹¹⁷ According to Jake Warren, a Canadian official and diplomat who led the Canadian delegation to the Tokyo round, the secretariat was ‘frugally managed but intellectually strong’. And Rodney Grey, a Canadian trade official who was very close to Wyndham White, observed that that was the way Wyndham White wanted to keep it. He had no interest in building an empire.¹¹⁸

Wyndham White was clearly in charge of the secretariat. Renouf observed that he was ‘a master of administration and of tactics at a conference’. Lacarte agreed that it was ‘very much run by Wyndham White’. Reisman described him as ‘exceedingly intelligent’ and ‘the leader’. Warren also described Wyndham White as ‘exceptional’ and claimed that he ran a tight ship. While a few scholars have commented on the importance of Wyndham White to the successes of GATT, he is largely unremembered. As de Souza Farias observes, this is surprising because he was the ‘face and soul’ of GATT for twenty years, he was well regarded by world leaders and trade experts, and he received much media attention at the time.¹¹⁹

What do we know about him? He had studied law at the London School of Economics (LSE) and seemed to have had progressive political instincts, having joined the Reform Club. Shortly before the war, he began to practise law and taught law at the LSE. When the war began, he joined the Ministry of Economic Warfare. He moved into the international civil service after the war; he was appointed to UNRRA and the

at last’. That gulf separating the resources has persisted. In 2008, the World Bank had a staff of 10,000 compared to 621 for the WTO. See R. Blackhurst, ‘The Role of the Director-General and Secretariat’ in A. Narlikar, M. Dauntton, and R. M. Stern (eds.), *The Oxford Handbook on the World Trade Organization* (Oxford: Oxford University Press, 2012), 146.

¹¹⁶ GATT secretariat, nd, RG25: 5648/283/14050–3–40 pt. 3, LAC.

¹¹⁷ Alan Renouf said the calibre of the secretariat was high and Lacarte described it as efficient. Author interviews with Renouf, 8 May 2008 and Lacarte, 20 May 2005.

¹¹⁸ Author interview with Warren, 18 May 2005 and Grey, 12 January 2005.

¹¹⁹ F. McKenzie, ‘Eric Wyndham White’ in B. Reinalda and K. Kille (eds.), *The Biographical Dictionary of Secretaries-General of International Organizations* (2012, online, also known as *IO Bio*), www.ru.nl/fm/iobio; R. de Souza Farias, ‘Mr. GATT: Eric Wyndham White and the Quest for Trade Liberalization’, *World Trade Review* 12 (3) (July 2013), 464.

Emergency Economic Committee for Europe. In 1946, Trygve Lie, the head of the UN, seconded him to chair meetings of the International Conference on Trade and Employment. At subsequent meetings in Geneva and Havana, Wyndham White stayed on as chair. No one could foresee that this would lead to a twenty-year career as the head of GATT, but he was well suited to this role for several reasons. He believed in the liberal internationalist view of trade. He had a strong personality, which he impressed on delegations and the rest of the secretariat. According to Renouf, he was also determined and fearless. Blind in one eye, he taught himself to ski and then skied down Mont Blanc alone.¹²⁰ He was similarly determined as the head of GATT to sustain the momentum of trade liberalization. He frequently threatened to resign as a ploy to reach agreement. The threat became a little stale in time and he did not follow up on it until 1967. He thrived in an atmosphere of crisis and was forceful and inventive in bringing deadlocked delegates together – in the green room – in all-night sessions in which he wore down opposition. He also seems to have benefited by looking older than his years, which gave him a gravitas that made his strong-arm tactics and bold leadership widely acceptable.

The ICITO secretariat translated the Havana charter into Chinese, Spanish, and Russian, in anticipation of the first meeting of the ITO.¹²¹ But according to Wyndham White, the secretariat needed ‘a definite program ... rather than a series of tasks’.¹²² As Renouf recalled, Wyndham White thought of the secretariat as an ‘honest broker’ that would help delegates reach agreement.¹²³ Wyndham White himself explained that they were ‘breaking new ground’, and at the 1946 Church House meeting, he used his administrative authority – on such matters as determining how long meetings would last and accepting silence as acquiescence – to cajole participants into agreement.¹²⁴ As he subsequently explained, he did not see GATT as the instrument of its members: the secretariat ‘shall not seek or receive instructions from any government’. Rather the responsibility of the executive secretary ‘shall be exclusively international in character’.¹²⁵

¹²⁰ Author interview with Renouf.

¹²¹ Report by the executive secretary of the ICITO on the work of the secretariat, 13 July 1948, ICITO/EC.2/5, GDL.

¹²² Summary Record of Informal Meeting of Representatives of Executive Committee of ICITO present in Annecy, 24 June 1949, ICITO/1/14, GDL.

¹²³ Author correspondence with Renouf, 3 March 2008.

¹²⁴ Souza Farias, ‘Mr. GATT’, 468–470, 476.

¹²⁵ Wyndham White to Leddy, 7 May 1951, RG43: Box 285/file GATT Administration, NARA.

The immediate future of GATT was uncertain. Until the end of 1950, when it became clear that the USA would not ratify the ITO, there were discussions about doing away with the secretariat and having its various functions performed by UN officials or using national trade experts to oversee the GATT sessions, then held twice a year for about six weeks each.¹²⁶ A few members quit: Lebanon, Syria, and China. Others were contemplating it: Brazil was apparently reassessing its membership because GATT seemed only to benefit 'economically developed countries'.¹²⁷ As the British official R. J. Shackle remarked during the Annecy round of negotiations in 1949, the initial enthusiasm for GATT (not very significant) seemed to be fading and the quality of delegations had decreased. GATT's 'hand-to-mouth' resources were hopelessly inadequate. Overall, there was 'a general feeling of listlessness and lack of leadership'. Shackle doubted GATT could go on in its present fashion.¹²⁸

Wyndham White was proactive about developing and protecting GATT. Once he had concluded that the ITO was defunct, he called on members to elaborate the 'GATT machinery'.¹²⁹ He encouraged more rounds of negotiations, for instance at Torquay in 1950, to add new members. Before the Torquay round, Canadian officials had been pessimistic about GATT; they were more optimistic afterwards. Despite GATT's limitations, they were confident that it could 'survive in its present form' and they valued the organization as 'a code of ethics for international trade'.¹³⁰ Wyndham White also fought to preserve GATT's independence. He, and many members, objected to the USA's suggestion to attach GATT to the UN and run it under the umbrella of the UN's Economic and Social Council (ECOSOC). According to British officials, these objections showed that 'the GATT is jealous of its independence and strong enough to resist railroading by the United States'.¹³¹

The presence of a proactive and independent secretariat raises questions about its relations with member countries, especially the United States. No one could deny the importance of the USA, but not all early GATT participants saw the United States as the leader. While Warren acknowledged that there was 'a germ of truth' in the supposition of US

¹²⁶ Note on the future organization and structure of the GATT, 7 July 1950, RG43: Box 290, file GATT, NARA.

¹²⁷ Brazil threatened to quit in 1951, Rio to State, 2 March 1951, RG43: Box 285, file 6, NARA.

¹²⁸ UK del to Annecy, n.d. but 1949, Shackle to Holmes.

¹²⁹ Record of conversation, 4 August 1950, FO371/82970, TNA.

¹³⁰ 'Position and Prospects of GATT', 18 April 1950, RG25: 6511/9100-X-40 pt. 2.1, LAC.

¹³¹ Sixth Session and Future of GATT 1951, 25 October 1951, FO371/91962, TNA.

leadership, the reality was more complicated. Others, including members of the first secretariat, confirmed that the USA was a powerful presence, but they insisted that it did not run GATT or the secretariat. As Renouf put it, tongue in cheek, Wyndham White ran GATT, ‘ably assisted by the US’. Secretariat members describe the early operation of GATT as informal, easy-going and without a hierarchy. Lacarte likened the larger group of officials who supported GATT to a ‘friendly mafia’ or a ‘closed club’ and explained that they had a ‘feeling of fellowship, of joint endeavour’.¹³² Wyndham White certainly cultivated close personal ties with national trade officials. The Canadians who knew him well – Grey, Warren, and Reisman – remembered him with warm affection. When Wyndham White fell on hard times after his retirement from GATT, they hired him as an advisor to the Canadian delegation during the Tokyo round. Wyndham White corresponded directly with national officials. His letters pop up in archives of many contracting parties. He shared confidences, explained trouble spots, and built coalitions to overcome obstacles and intransigence. According to one US trade official, he made use of personal ties to allow him to lead through proxies, such as Canadian and Indian officials, thereby obscuring his own direction.¹³³ Wyndham White and the GATT secretariat had to be careful not to appear to be too independent or to threaten the sovereignty of its members. If the secretariat pushed too hard, it might alienate members or force an explicit clarification of GATT’s reach. This had happened in the World Health Organization, led by the Canadian Brock Chisholm, when he pressed the organization to take up the question of population control. This was a complex issue that provoked strong opposition. Chisholm’s attempt to exert institutional independence backfired. Instead of taking the lead, he was forced to acknowledge that the role of the secretariat was ‘to carry out the wishes of the national delegations’. According to Matthew Connelly, the situation in the WHO ‘had a chilling effect on other UN agencies’.¹³⁴ Wyndham White avoided situations that would result in a similar admission of GATT’s subordination to its membership.

The informal organization was reinforced by the precedent of not making decisions by vote. This was very different from the weighted voting system of the IMF and World Bank which reinforced a hierarchical

¹³² Author interviews with Warren, 18 May 2005, Renouf, 8 May 2008, and Lacarte, 20 May 2005.

¹³³ Eckes, A. E. Jr. (ed.), *Revisiting U.S. Trade Policy: Decisions in Perspective* (Athens, OH: Ohio University Press, 2000), 31–32.

¹³⁴ M. Connelly, *Fatal Misconception: The Struggle to Control World Population* (Cambridge: Belknap Press of Harvard University Press, 2008), 150, 151.

system. Instead it functioned through consensus. Although this made GATT seem more inclusive, a consensus could not be reached without the tacit acceptance of key GATT members. Early on those were the USA and Britain, but the leadership structure evolved to include the EEC, India, Brazil, and Japan. Any GATT member could add issues to the agenda and force the pace of, or obstruct, discussions on any matter.

The GATT secretariat anticipated that as more international meetings were held in Geneva, it would have to find new quarters. The secretariat considered renting office space in buildings under construction where rents were lower. In the end, the Palais des Nations provided space until 1952. GATT also had acute budget concerns. Revenue was raised through annual subscriptions of the membership, with six categories of weighted contributions. At the top end of the scale, the United States and Britain each contributed US\$11,000; at the bottom end were Burma, Ceylon, Cuba, Lebanon, Luxembourg, Southern Rhodesia, and Syria, which paid US\$900 each.¹³⁵ Even with the graded scale of dues, many members paid late and the secretariat faced chronic financial pressures. The ICITO had to borrow US\$86,490 from the UN Working Capital Fund, to be repaid within two years, but this offered only a brief financial reprieve.¹³⁶ By 1950, Wyndham White insisted that the 'pay as you go' budgeting system must end. GATT needed regular and additional revenue to finance its ever-expanding operations, but it would continue to depend on annual subscriptions.¹³⁷

By the early 1950s, GATT had established itself, but remained insecure. The Federation of Indian Chambers of Commerce and Industry described its precarious state: 'GATT in a way has become at once a more permanent arrangement instead of being the forerunner of the I.T.O. and also a more shaky arrangement, for no country seems to fully favour, for one reason or another, its general objectives.'¹³⁸ While some members, including New Zealand, had preferred the ITO to GATT, others, such as South Africa and the USA, clearly preferred GATT to the ITO. Australia drew up a long list of benefits that stemmed from GATT, including forcing other nations to curb their use of import controls and ensuring that the basis for international economic cooperation in the IMF and the

¹³⁵ Financing of Secretariat Services, 13 September 1948, GATT/CP.2/41, GDL.

¹³⁶ GATT/ICITO repaid the UN all outstanding loans (US\$216,773.87) in 1953.

¹³⁷ Budget Estimates for 1951, Note by the Executive Secretary, 24 October 1950, GATT/CP.5/10, GDL.

¹³⁸ Letter from the Federation of Indian Chambers of Commerce and Industry to the Secretary of the Government of India, Ministry of Commerce and Industry, 23 June 1953, 52 (50)/TB/52: Examination of Note Circulated by GATT Secretariat Regarding the Value of the General Agreement to the Under-Developed Countries; Government's Comments on the Note, Commerce and Industry, NAI.

World Bank continued. Moreover, membership in GATT had not prevented Australia from introducing measures it deemed necessary and did not undermine trade relations with other Commonwealth members. Indeed, Commonwealth trade seemed to improve as a result of GATT. Leaving GATT would also have been likely to damage relations with the USA.¹³⁹ Others agreed that there were important political benefits to membership. As an Indian official explained, as long as big powers remain in the GATT club ‘it would . . . be extremely impolitic to break away’.¹⁴⁰ There were more positive reasons to support GATT. GATT established a standard to which all countries, strong and weak, would be held. As a result, many valued it as part of a rule- and norm-based system that could restrain US unilateralism. There were also real benefits to be enjoyed from lowering tariffs. Pursuing trade liberalization within GATT offset the unequal distribution of economic power and negotiating authority. Finally, the world probably could not do any better.¹⁴¹ Others agreed that a world without GATT would soon ‘revert to the unrestricted anarchy of the 1930s’.¹⁴²

¹³⁹ Confidential ‘Notes on Australia’s Position in Relation to the GATT and Havana Charter for an International Trade Organisation’, n.d., between Annecy and Torquay rounds, AA1976/34/Bundle 1, AA.

¹⁴⁰ Extract from Annex II of Document No. GATT/CP.4/1/Rev.3, 28 February 1950, 52 (58) TB/50: Third Round of Tariff Negotiations Scheduled for September, 50 at Torquay – Proposals for, NAI.

¹⁴¹ Notes on GATT, n.d., MG31 – E6: LePan Papers, Vol. 9/file 97, LAC.

¹⁴² The Sixth Session and the Future of the General Agreement on Tariffs and Trade (G.A. T.T.) Geneva 1951, 25 October 1951, FO371/91962, TNA.